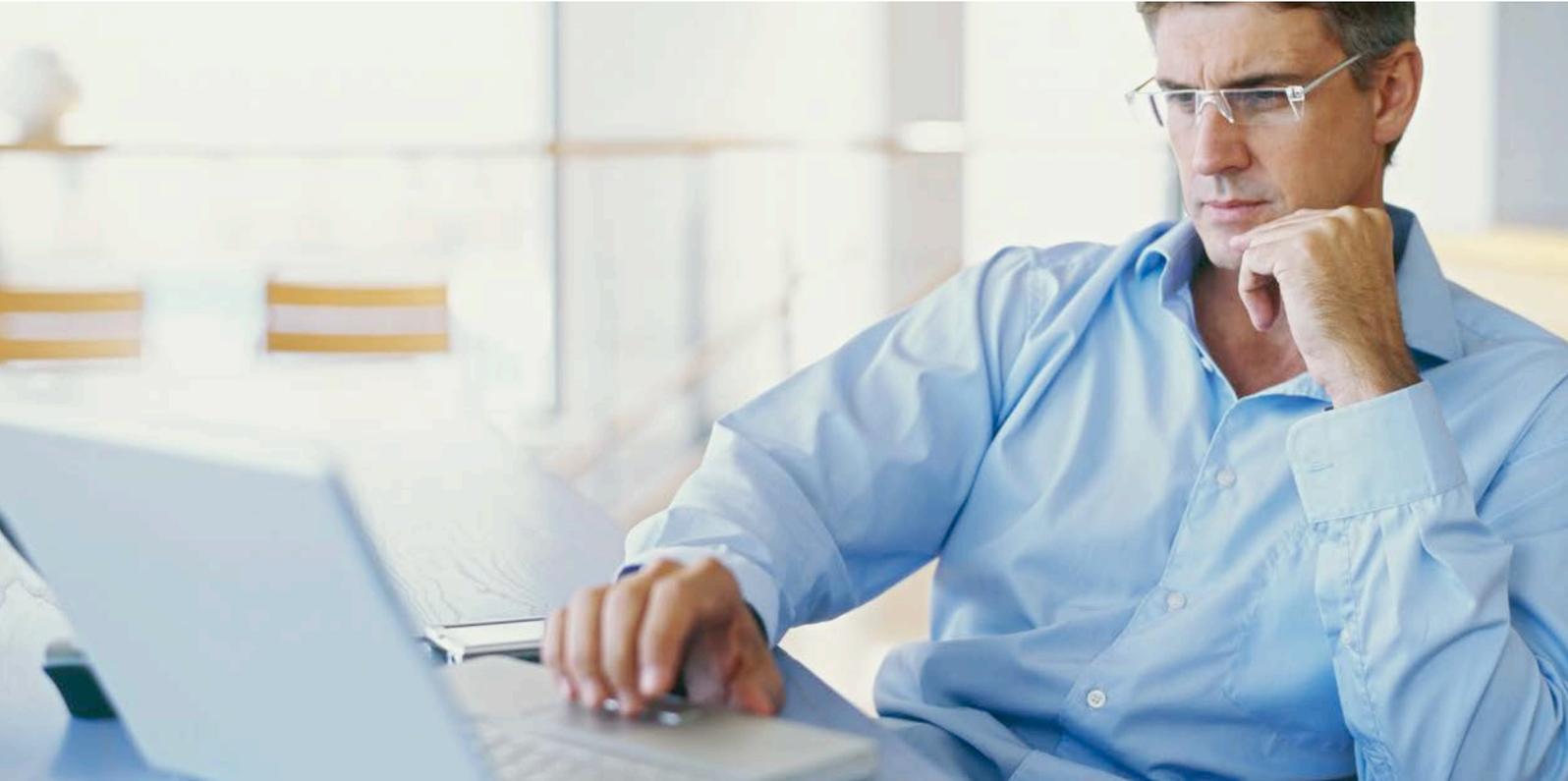


# 5 Steps to Creating a Successful Optimization Strategy



Many companies are now recognizing that in a world of mobile devices and increasingly sophisticated online services, the creation of an excellent customer experience requires a different approach, above and beyond the active management of website conversion rates. The emphasis is no longer on the new landing page, product launch or creative promotion; organizations also need to embrace personalization and optimization across channels to improve conversion, retention and average customer spend.

Yet today even if the digital marketing, ecommerce or interactive teams have the remit to move beyond basic improvements in conversion, the vast majority of optimization projects, even website development projects, are tactical. By integrating optimization more tightly into the overall business strategy, organizations can transform the customer experience and deliver additional incremental revenue to the business.

In this white paper we will explore the five key steps to a successful optimization strategy.

## Step 1:

### Determine Business Outcomes

Whether the priority of the business is acquiring customers or looking to increase average customer spend, optimization can make a difference. However, before even considering optimization technologies, it is important to assess exactly what the business is looking to achieve.

While the organization will have a clear vision of business goals and strategic initiatives, it is essential to relate these objectives to the online business. This process of determining business outcomes has to be conducted by senior personnel—from marketing to product development.

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### Whether the priority of the business is acquiring customers or looking to increase average customer spend, optimization can make a difference.

Not only will these individuals have access to the longer term corporate vision but their support also raises the profile of optimization within the business. Senior-level commitment provides sponsorship and delivers the management buy-in upfront that ensures the right resources will be made available. Furthermore, these senior managers are the stakeholders for optimization and have the authority, commitment and business vision to keep the process on track within an inevitably changing business environment.

It is therefore essential to get these senior personnel in a room and embark upon a frank discussion regarding forthcoming projects and specific goals within the overall context of the online business. The first step is for each individual to share the priorities for each business area, including performance indicators and timelines. During this discussion it is also worth looking to the broader marketplace and assessing the activity of both direct competitors and other industry sectors that may be relevant or even inspiring. For example, are there new ideas or market initiatives—such as the use of video or the changing role of social media—that should be considered? It also may be worth sourcing benchmarking reports to compare performance with other organizations in the same industry and underpin the development of a strong business case for the optimization investment.

Having shared their own internal priorities and discussed any relevant external influences, stakeholders must find consensus and identify perhaps four or five main objectives that reflect the overall corporate strategy. Where possible, it also is important to determine how and when each goal is prioritized; this process will reflect a number of issues from corporate key performance indicators (KPIs) to forthcoming product or promotional activity or new business partnerships.

This initial discussion—typically followed up every six to 12 months—is key to creating a strong optimization strategy that has broad corporate buy-in.

## Step 2:

### Prioritize Optimization Activity into Campaign Road Map

Of course, not all of the business issues raised during these discussions can be addressed by optimization. It is important to have a frank discussion with all stakeholders about what can be achieved with optimization and how much work will be required. At this point, with a number of ideas on the table, it is also important to prioritize activity into a road map of campaigns. If possible, the four or five top business outcomes should be ranked to provide further guidance and direction; it is then important to consider the priority outcomes in tandem with the optimization process and opportunities. Where are the quick wins that can demonstrate immediate value and rapidly embed the optimization process within the

business? Which activities will be longer term and require additional development work and/or tie in with other business projects, such as a new product launch or business partnership?

Once the initial optimization campaigns have been determined and prioritized, it is important to set KPIs for each campaign. While in some markets, such as retail, KPIs tend to be similar across the board—typically improving the sales funnel—any number of indicators can be added, such as segments of users clicking on certain content or tracking activity. Other industries will have very different KPIs depending on the business objective. Each campaign will therefore have a custom set of KPIs and it is essential to continually assess the performance to ensure the optimization process is supporting the key business objectives.

## Step 3:

### Organize for Optimization Success

Having determined the objective of the optimization strategy, an organization needs to empower the right people to realize business objectives. This is a huge step forward from a single, isolated conversion manager; a successful strategy requires the coordination and collaboration of several individuals, from product marketers and web developers to the analytics team. Rather than having these individuals work remotely across the organization, often taking on the optimization role on a part-time basis, creating a single team focused on the optimization strategy and business-led roadmap can be highly valuable.

Successful businesses also typically have a dedicated executive who champions the process internally and acts as the point person for optimization innovations. This person also is willing to incentivize the team based on deliverables achieved within defined timeframes and KPIs. This senior-level support role, preferably from sales, marketing or ecommerce rather than IT, is generally filled by an individual willing to sponsor, evangelize across the organization and ensure that the team remains on track to meet the organization's business objectives.

## Step 4:

### Create a Culture of Data-Driven Decision Making

Having determined upfront the priority objectives, organizations can put in place a series of campaigns that test various hypotheses and learn from the results to determine the most effective approach to realizing those objectives.

This data-driven decision making based on customer input fundamentally transforms the cultural approach to optimization. It removes decisions made by a gut feeling, it evolves the optimization team beyond business as usual, and, most important, provides proven insight into the validity of various business concepts while retaining focus on key strategic priorities.

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## Data-driven decision making based on customer input fundamentally transforms the cultural approach to optimization.

Organizations can begin by exploiting A/B and multivariate campaigns to test various ideas and concepts that continually refer back to the underlying business-led philosophy outlined in the previous steps.

By aligning the business process with business outcomes, a data-driven approach allows for greater innovation. In-depth testing analytics also provide the business with proven insight into the impact of changes on the customer experience as well as revenue. The emphasis on continual testing and assessment enables the optimization team to manage the demands and expectations of competing business stakeholders by using the insight to create a culture of data-driven decision-making.

According to Harvard Business Review, “The more companies characterized themselves as data-driven, the better they performed on objective measures of financial and operational results. In particular, companies in the top third of their industry in the use of data-driven decision making were, on average, 5% more productive and 6% more profitable than their competitors.”<sup>1</sup>

## Step 5:

### Measure and Communicate Performance

Once a culture of data-driven decision making and business outcome-led optimization has been put in place, it is essential to share the results and insights across the business and ensure all stakeholders recognize the value of the investment.

Successful teams evangelize their results to build strong relationships across the business, with both online and offline sales and marketing teams. Communication ranges from internal blogs to newsletters and internal workshops where individuals are asked to suggest new opportunities for optimization.

Using a combination of high-level outcomes with specific campaign-led insights as a platform for collaboration has proven to create more commitment, more business buy-in and, critically, more investment in both resources and head count.

Presenting the outcomes of winning campaigns in a simple, easily accessible manner—tied into the KPIs—supports improved decision making and drives improved collaboration between business areas to continually refine strategy. KPI reporting can be tailored to reflect different audiences—with a high-level set of results metrics, such as increased sales, going direct to senior management.

This continual communication process encourages commitment and communication at senior levels, ensuring the optimization team can begin to take a more proactive role in decision making and strategic direction. Indeed, as the data-driven model becomes embedded in the organization’s culture, KPIs will be presented as standard at monthly meetings—just one more aspect of the overall business performance assessment.

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<sup>1</sup> “Big Data: The Management Revolution,” Andrew McAfee and Erik Brynjolfsson, *Harvard Business Review*, October 2012.

## Optimization is a Continual Process

The evolution from tactical to strategic optimization is undoubtedly one of the big goals for organizations in 2013/2014. The ability to create an optimization road map that supports the business goals over the next 12 to 18 months can transform effectiveness and deliver significant incremental revenue.

With these five steps in place, an organization is in good shape to deliver a successful optimization strategy. However, while evangelizing is key to ensure that the business recognizes the value of the program, it is also important that senior management understand this is not a one-off activity. Strategic optimization should never be a “set it and forget it” model but must be a continual optimization of customer experiences using different techniques within the context of an overall optimization strategy.

While the business is gaining value from the optimization program, the competition is not just sitting back in admiration. Competitors continue to improve, customers change the way they want to interact with the business, such as the use of tablets, and, of course, business priorities evolve in line with market conditions. The business must keep improving.

It also is worth remembering that there is still a valid need for the incremental improvements that deliver on-going benefit. Getting the balance right between incremental and innovative change is key: successful companies balance smaller evolutionary changes with much larger innovations and prioritize according to business goals.

**Successful companies are beginning to benefit from the insight gained from this data-driven culture to change attitudes. As the ownership of the testing process moves from a pure sales-driven focus to one of customer experience, there is a clear trend toward the creation of dedicated “customer experience” teams. Organizations with sophisticated optimization strategies are transforming the end-to-end customer experience so they can build engagement, improve loyalty and deliver incremental impact to the bottom line.**